

NSC BRIEFING

5 August 1954

PROBABLE POST-GENEVA COMMUNIST POLICY

I. BACKGROUND - The Outcome at Geneva:

A. At first glance, Communists at Geneva settled for less than they could get, in view of Viet Minh military successes.

1. By delay at conference, they might have seized all Indochina.

2. By not meeting Mendes-France's dramatic bid for peace, they might have caused critical internal crisis in France.

B. Several very good reasons for Communist settlement.

1. Desirable to end "hot" war in order to continue undermining Western alliance.

2. Continuation of "hot" war greatly increased risk of US intervention.

3. Overwhelming Communist victory in Indochina might have frightened non-Communist Asians into closer collaboration with West and denied to Communists

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their assistance in blocking Western plans for
SEATO.

II. POST-GENEVA EXPECTATIONS - Short-Term Probabilities:

- A. Communists unlikely to make major new military moves in near future.
- B. In Europe, Moscow will capitalize on Geneva atmosphere by pressing for further negotiations. Already state lesson of Geneva is success of negotiations for peace with U.S. on sidelines.7
- C. In Asia, the Chinese Communists will try to make Formosa a major issue, also intensify efforts to undermine "reactionary" regimes in Thailand, Japan.

III. Soviet negotiations will aim at: forestalling EDC and German rearmament; blocking creation of US-backed Middle East defense grouping or Southeast Asian alliance; major aim - splitting chief Western allies and wrecking NATO.

- A. USSR moving swiftly. 24 July note, asking all-European

in Germany and Austria as bait, also plugged for atomic ban. On 4 August follow-up note asked preliminary 4-Power meeting in August or September (press).

B. At end Geneva conference, leading Pravda correspondent predicted; "We will all grow old covering conferences."

IV. Another weapon in Communist campaign to splinter Western alliance will be East-West trade.

A. Although such trade will fall short of Soviet promises, Western countries apparently welcome Kremlin's policy of "trade for trade's sake" as proof Soviet reasonableness.

B. Soviet's present attempt to use its trade position to secure Finnish political commitments is a tactic they will apply elsewhere.

V. In Far East, immediate Communist aims: increase Asian neutralist sentiment; block Western-sponsored collective defense, particularly establishment additional US bases.

- A. At Geneva, Chinese Communist journalist said: "We have won first campaign for neutralization all South-east Asia." Communist propaganda stepping up "Asia for Asians" theme.
- B. Peiping may propose own Asian security pact; threaten prospective Asian members of SEATO with "consequences" of joining.

VI. Nonetheless, Communists will increase pressures in Far East. Three areas for immediate exploitation are Indochina, Thailand and Formosa.

- A. In Indochina, Communists will not violate armistice line, but will use political, psychological and paramilitary means to gain domination of whole area.
1. Ho (22 July) stated people of north, central, south Vietnam "will be liberated:" French believe south Vietnam flooded with Viet Minh political agents, preparing way for "early" elections.

B. In Thailand, stepped-up psychological pressure, perhaps subversion.

1. Ex-premier Pridi, whose whereabouts obscure since 1947, attended Peiping banquet China Peace Committee his honor 22 July.
2. Pridi warned Thai people they "duty-bound" overthrow American-controlled "reactionary puppet" government, restore nation's good name.
3. Thai leaders have irrational fear of Pridi: Thai Government spokesman termed his attack "first step" in campaign Communist conquest Thailand.

C. In particular, Peiping will emphasize issue of Formosa; promote friction between US and others of Free World over support of Nationalists.

1. Senior Communist General Chu Te made bellicose declaration (1 Aug) Taiwan will be liberated and

"other countries" not allowed to interfere.

Premier Chou, back from Geneva, echoes view.

2. Peiping smarting from TUAPSE, other ship seizures by Nationalists, destruction of planes at Hainan.
3. May attack Nationalist-held islands off China coast with diversionary air attacks on Formosa.
4. Major Nationalist islands (north to south) are Tachen group (15,000 troops), Nanchi (4,500), Matsu group (9,000) and Chinmen (47,000).
5. In East China, Communists have 350,000 troops, with 150,000 more due from Korea. Have ten Air Division, (total at least 300 fighters, 100 bombers). Navy in area totals 35 landing-ships, 40 torpedo boats, dozen small warships.
6. Communists can take any of islands (but Chinmen would be costly).

VII. Elsewhere in Far East, immediate prospects for Communist action are less dramatic.

A. Communists regard Korean situation "stabilized"
for present:

1. Are probably content with indefinite continuation
stalemate.
2. For propaganda purposes, may urge resumption of
talks, make "new" reunification proposals.

B. Communists will increase their "wooing" of Japan.

1. Will try to exploit neutralist sentiment which
they expect to increase.
2. Will rely primarily on economic inducements.
3. May possibly offer a favorable peace treaty,
despite territorial obstacles to this.

INSERT SUGGESTED FOR NSC BRIEFING

-Probable Post-Geneva Communist Policy

(To follow Item IIIA - which covers 24 July note)

- I. Soviet note of 4 August proposes four power foreign ministers' conference in August or September to prepare for future all-European security conference and to discuss Germany.
 - A. Kremlin is obviously disappointed by the cold Western reaction to its previous call for a European conference, and is very concerned about pending EDC debate in France.
 - B. The note proposes no immediate talks on a German peace treaty and unification, where the Soviet Union has very little maneuverability.
 - C. Instead it proposes talks on unspecified German questions.
 1. It will probably renew the plans for a variety of all-German committees, suggested at the Berlin conference.
 2. The current visit of East German deputy premier Ulbricht may lead to more extensive proposals.